

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-14 EUR-12 EA-12 NEA-10 ISO-00
SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00
DOE-11 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05
OMB-01 PM-05 USIA-15 OES-07 SP-02 SS-15 STR-06
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R 181345Z JAN 78
FM AMEMBASSY ALGIERS
TO SECSTATE WASHDC 7844
INFO AMEMBASSY BONN
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY LAGOS
AMEMBASSY MADRID
AMEMBASSY MEXICO
AMEMBASSY PARIS
AMEMBASSY RABAT
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TUNIS
AMCONSUL ORAN POUCH

UNCLAS ALGIERS 0193

USOECN (ALSO FOR EMBASSY)
RABAT ALSO FOR HESTER

E. O. 11652: N/A
TAGS: ENRG, AG
SUBJ: INTERVIEW WITH ENERGY MINISTER

1. OFFICIAL DAILY EL MOUDJAHID FOR JANUARY 17 REPRINTS INTERVIEW
WITH ENERGY MINISTER GHOZALI PUBLISHED IN PETROLE ET GAZ ARABE.
FOLLOWING ARE HIGHLIGHTS.

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2. PRODUCTION OF CRUDE AND CONDENSATE IN 1977 WAS 53.5 MILLION
METRIC TONS. TARGET FOR 1978 IS 57. EXPORTS IN 1977 WERE 48.4,
OF WHICH U.S. TOOK A LITTLE THAN HALF, GERMANY 20 PERCENT, FRANCE
10 PERCENT. REST WENT TO ABOUT A DOZEN OTHER CUSTOMERS.

3. GAS PRODUCTION IN 1977 WAS 10 BILLION CUBIC METERS. PRODUCTION
OF LNG AT LNG-I AT ARZEW AND UNIT 40 AT SKIKDA WILL RAISE THIS

SIGNIFICANTLY IN 1978.

4. EXPLORATION IN 1977 TURNED UP SIX OR SEVEN NEW DISCOVERIES AS HAS BEEN THE CASE "EACH YEAR FOR FOUR OR FIVE YEARS." THE ALGERIAN SUBSOIL "HAS NOT SPOKEN ITS LAST WORD."

5. PROVEN OIL RESERVES ARE 10 BILLION BARRELS. GAS 3.5 TRILLION CUBIC METERS. THESE RESERVES WILL PERMIT ANNUAL PRODUCTION "IN 6 TO 10 YEARS" OF 100 BILLION CUBIC METERS OF GAS AND 75 MILLION TONS OF CRUDE AND CONDENSATE.

6. ALGERIA FORESEES 33 BILLION (CONSTANT) DOLLARS INVESTMENT IN HYDROCARBONS TO YEAR 2005. REVENUE IN SAME PERIOD \$200 BILLION(SIC).

7. AT START OF 1977 ALGERIA APPLIED ITS PREVIOUS DIFFERENTIAL (EMB-ASSY COMMENT: \$1.70) TO MARKER PRICE (12.70) AGREED AT DOHA. PRICE REMAINED SAME IN FIRST AND SECOND QUARTERS, DIFFERENTIAL INCREASED \$0.20 IN THIRD QUARTER, AND WENT BACK TO PREVIOUS LEVEL (\$1.70) IN FOURTH QUARTER. THESE CHANGES WERE IN DIFFERENTIAL, NOT BASE PRICE, AND WERE KNOWN TO PUBLIC. "NOTHING IS DONE UNDER THE TABLE."

8. SONATRACH'S PRESENT REFINING PLANS ARE LIMITED TO 30 MILLION TONS A YEAR. THIS FIGURE INCLUDES THE SKIKDA AND BEJAIA REFINERIES (THE LATTER NOT YET STARTED.)

9. PARTIES TO U.S. GAS CONTRACTS NOT APPROVED BY FERC BY JANUARY 1
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DEADLINE IMPOSED BY SONATRACH ARE NOW FREE TO CANCEL CONTRACTS. IF U.S. DECIDES NOT TO TAKE CONTRACTED GAS ALGERIA WILL SELL ELSEWHERE, SUCH AS GERMANY OR SWEDEN.

10. LNG EXPORTS PLANNED EVENTUALLY TO REACH 70 BILLION CUBIC METERS A YEAR. THIS IS IN ADDITION TO GAS EXPORTS BY PIPELINE TO ITALY AND POSSIBLY TO SPAIN AND FRANCE. FIFTEEN BILLION CUBIC METER PLANT PLANNED FOR CENTRAL COASTAL REGION (ISSERS, EAST OF ALGIERS). IF THIS PROVES IMPRACTICAL, PLANT WILL BE PUT IN SKIKDA.

11. ALGERIA IS CONDUCTING PRELIMINARY FEASIBILITY STUDIES OF THE POSSIBILITY OF CONSTRUCTING NUCLEAR POWER PLANTS.

12. COMMENT: THE FIGURE OF 3.5 TRILLION CUBIC METERS OF GAS RESERVES IS 500 BILLION MORE THAN FIGURE GOVERNMENT HAS USED PREVIOUSLY. ISSERS LNG PLANT, WHICH WE UNDERSTAND WILL BE THE LAST, HAS NOT YET BEEN PUT OUT OT TENDER. ON OIL PRICE, ALGERIA IS ALWAYS CAREFUL TO IDENTIFY PRICE CHANGES AS ADJUSTMENTS IN DIFFERENTIAL, NOT IN OPEC-AGREED BASE PRICE.HAYNES

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